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ARTICLES:

- (1) Futenma relocation: Gov. Nakaima to prioritize "closure" in 3 years

In connection with the issue of relocating the US Marine Corps' Futenma Air Station (in Ginowan, Okinawa Prefecture), Okinawa Gov. Hirokazu Nakaima yesterday met at the prefectural government office with representatives from the ruling parties in the prefectural assembly--the Liberal Democratic Party, Komei Kenmin Kaigi, and Kenmin Tomonokai. In the meeting, Nakaima reported what the government and Okinawa's prefectural and municipal governments had discussed in their consultative meeting held on Jan. 19 over the planned relocation of Futenma airfield. Nakaima has been calling for the government to turn Futenma airfield into "a state of closure in three years" as a measure to eliminate the danger of Futenma airfield. "I want to have this proposal accepted by the government," Nakaima insisted. With this, the governor told the ruling parties' representatives that he would prioritize Futenma airfield's closure in his demand to the government, and he asked for the ruling parties' cooperation.

Nakaima, according to one of those who met with him, emphasized that he would actively negotiate with the government to turn Futenma airfield into "a state of closure in three years." The governor implied that he would prioritize the airfield's closure in three years over revising the government's plan to build a V-shaped pair of airstrips as an alternative for Futenma.

"The prefectural assembly will enter into full-fledged discussions over the governor's campaign pledge, starting in this February's regular session," one ruling party executive said after meeting with Nakaima. "Before that," this executive added, "we exchanged views between the governor and the ruling parties on our basic way of

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thinking."

The governor did not refer to any specific idea of how to have Futenma airfield closed down in three years, according to the executive.

The ruling parties' executives, who received Nakaima's explanation, told the governor that the ruling parties would support his stance, according to one of them who had met with the governor.

(2) Facts about SDF mission in Iraq (Section 1); Thinking of SDF as Japan's new garrison--SDF in transformation (Part 6): Diplomat in SDF uniform; Organizational culture denied, confirmed

TOKYO (Page 1) (Full)
January 15, 2007

On the projected slide image were words that were quite unlike the Self-Defense Forces. Its main title read "Break through organizational culture." It was subtitled "From a well-coordinated entity to a chameleonlike one."

Ground Self-Defense Force Col. Masahisa Sato, 46, who retired from GSDF service under the date of Jan. 11, was invited as a guest speaker to a town meeting held in Maizuru, Kyoto Prefecture. Col. Sato commanded the 1st Mission Support Detachment, which was the first batch of GSDF troops sent to Iraq as an advance team. Col. Sato, who was called the "mustached commander," was still wearing a mustache as if he were still in Iraq.

"We have our own culture in the Self-Defense Forces." With this, Col. Sato spoke to the audience. "But," he added, "I found it was worth nothing in Iraq." He went on: "We used to say we're 'all one' in terms of solidarity. We needed many jobs there in Iraq to meet local needs. But if we were all one, we could do only one job. In Iraq, we were in several groups and went ahead with multiple jobs at the same time."

Why chameleonlike? Col. Sato explained: "The Self-Defense Forces is an organization that needs to be coordinated before doing something. In Iraq, however, we had to do as they do. We had to meet their

needs, or we couldn't survive literally." With this, Sato spoke of his philosophy of management or business administration he acquired during his deployment in Iraq.

The GSDF's mission support detachment was tasked with public relations in order to facilitate the GSDF's assistance with Iraq's nation-rebuilding efforts. Col. Sato's mission support detachment played the role of a diplomat in uniform to coordinate with local communities.

"We really had a hard time of it during the first two months before starting the reconstruction work," Col. Sato told the Tokyo Shimbun in an interview. He added, "They even told us, 'If you do nothing, go home.'"

"I had to calm down their feelings," Col. Sato recalled, "so I made an offering of 10 sheep to the largest and most influential tribe in Samawah." He went on: "Then, I heard another tribe was complaining. I went to see them. Their angry leader later became the best friend, and he provided a lot of information."

Col. Sato listened to the voices of local tribal leaders, and he

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decided himself on the order of public facilities to be repaired. A half year later, Col. Masato Taura, 45, was in Samawah to command the 2nd Mission Support Detachment. "Col. Sato responded to meet local needs," Col. Taura said. "He had already created the basis for our activities there, so we tried to develop democracy," Col. Taura added.

Samawah--the capital of the southern Iraqi province of Muthanna--is the seat of the province's tripartite structure of power consisting of its governor, provincial council, and bureaus linked to government ministries in Baghdad. There are 11 municipal councils in the province, and they asked the province's education bureau to repair schools in their areas. The bureau met every week, and the GSDF also attended.

"In a meeting there," Col. Taura said, "we asked local authorities to hold talks and decide on the order of schools to be repaired." He told the local bureau's authorities that the GSDF, based on their decisions, would place job orders with local contractors. "They made decisions on their own," he said.

The next one in rotation was Col. Kimihito Iwamura, 44, who headed the 3rd Mission Support Detachment. Col. Iwamura, as well as Col. Sato, decided himself on the order of jobs, and he conducted a questionnaire survey of local communities every week to find out local needs and ferret out hidden dissatisfactions.

The three GSDF colonels--Sato, Taura, and Iwamura--were classmates trained together in an English language class at the GSDF Intelligence School (Kodaira School at present). However, they were not trained there for diplomacy or business administration. Col. Iwamura says: "The GSDF's echelon officers learn thoroughly to plan, do, and see what is needed for war. We think of how to accomplish our objective and decide what to do. We could utilize our know-how for our activities in Iraq, where we had to create something out of nothing."

Col. Sato denied the SDF's culture. Unlike him, Col. Iwamura confirmed it. Each of these three Samawah-based commanding officers has his own way of doing things. The GSDF Ground Staff Office picked them as self-sustainable, laying emphasis on their own decision making.

The GSDF, for its Iraq mission, dispatched five mission support detachments and 10 reconstruction assistance groups. Their respective commanders, after returning home with glory, were all transferred to the GSDF's pivot. Col. Sato, who could not be framed in the SDF, will run in this July's election for the House of Councillors to go into politics.

(3) Finance Minister Omi counters Cabinet Office estimate for fiscal recapitalization without tax hike at CEFP meeting on Jan. 18

It was discovered from the minutes of the meeting of the Council on Economic and Fiscal Policy (CEFP) released on Jan. 23 that Finance Minister Omi on Jan. 18 countered the estimate made by the Cabinet Office that if the Abe administration's rising-tide policy realizes economic growth and spending cuts, fiscal recapitalization could be achieved without tax hikes.

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Omi stated, "Even if far-reaching spending cuts are carried out, it will be impossible to bring the primary balance combining both the central and local governments into the black unless considerably favorable conditions are set for the economic environment." He thus indicated a cautious stance toward bringing the primary balance into the black in fiscal 2011, the goal advocated by the government and the ruling parties. Regarding revenue reform, he said, "It is necessary to make efforts to realize drastic reform of the tax system, including the consumption tax, with fiscal 2007 as the target year."

Regarding fiscal reconstruction, Liberal Democratic Party (LDP) Secretary General Nakagawa on Jan. 19 said, "There should not be tax

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hikes simply for the sake of fiscal reconstruction." The government and the ruling camp are thus divided over this issue. Minister of Economy, Trade and Industry Akira Amari during the CEFP meeting supported the estimate made by the Cabinet Office, which aims for high economic growth. He then called for reinforcing the rising-tide policy, noting, "I want to make efforts to realize solid economic growth surpassing the Cabinet Office estimate."

The Cabinet Office estimate was incorporated in the Japanese Economy's Course and Strategy, new mid-term guidelines for economic management by the government, and formally adopted at the CEFP meeting on the 18th.

(4) Abe to be tested in ordinary Diet session; Measures aimed to win votes would lead to prompting voters to turn away from administration

NIHON KEIZAI (Page 1) (Excerpts)
January 24, 2007

In the ordinary Diet session to convene tomorrow, Prime Minister Shinzo Abe will be tested over his capability to manage his administration. With scandals involving politics and money left unresolved, public support for his administration has been on the decline. Keeping the July House of Councillors election in mind, Minshuto (Democratic Party of Japan) President Ichiro Ozawa is ready to take on the ruling camp.

In the Prime Minister's Official Residence on Jan. 19, the prime minister was earnestly listening to writer Naoki Inose advising, "It would be better to underscore the stance of fighting to the end."

Former Prime Minister Junichiro Koizumi in his first policy speech attracted voters' attention, for instance, by citing the "spirit of one hundred bags of rice" (the idea that patience and perseverance in the present will lead to profit in the future). Prime Minister Abe seems to be eager to make his first speech on Jan. 26 as impressive.

The problem is that the prime minister has yet to reveal in which tasks he is determined to pour his energy during the coming session. He once promised to put forth a revision of the Constitution as a major election campaign issue.

However, New Komeito President Akihiro Ota, wary of progress made in debate on constitutional revision, told the prime minister on the phone on Jan. 6: "The top priority task should be to have the national referendum bill (premised for constitutional revision)

passed in the session." As it stands, it is not easy for Abe to demonstrate his own policy identity.

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The ruling parties decided to put off a plan to introduce a Japanese-version white-collar exception system designed to exclude white-collar employees from the application of the overtime compensation rules, judging that the measure would work to their disadvantage in the upcoming House of Councillors election campaigning. In response, the Ministry of Health, Labor and Welfare opposed a proposal by some ruling party members to raise overtime premium rates ahead of other overtime compensation plans.

By hiking overtime rates, the ruling camp will be able to solicit appreciation from voters. When Minshuto is stressing the need to narrow the existing social disparities, the proposal was also in line with the prime minister's policy of distributing the benefits of economic expansion to households. Policy judgments in the election year tend to be affected by profit-and-loss arithmetic.

In the Upper House three years ago, Minshuto won a victory by making the debate on pension reform the central issue in the campaign. The main opposition party aims to bring about the same outcome with the same strategy. A senior Minshuto member said, "Policy measures linked to public livelihood are likely to bring about a favorable impact on the election outcome." The prime minister, even if he judges it undesirable to step onto the same ring as that of Minshuto, has only limited options because he has been shackled in his strong areas, such as the constitution.

In a speech at the LDP convention on Jan. 17, the prime minister said, "I will make utmost efforts to spread the benefits of economic recovery to the household sector."

In a year in which an Upper House election is held, the 150-day ordinary Diet session is not extended in principle. Because of this, it is difficult to clear a number of bills. A political truce will also be made during the campaign period for simultaneous local elections in April of this year.

Bills that seem to be difficult to be passed will be put on the backburner. That is the reason why the ruling parties, despite the prime minister's instruction to have a conspiracy bill passed at an early date, decided to put aside a bill amending the Organized Crime Punishment Law, a process necessary to make conspiracy a crime.

Several officials in the government and the ruling parties have made statements implying: "It is possible to turn the basic balance of payments into the black even without raising taxes." Such statements apparently are intended to confine a call for hiking the consumption tax, although it is certainly true that tax revenues have increased.

Will the government and the ruling parties be able to win support from the voters with such a stance? Although former Prime Minister Ryutaro Hashimoto continued to say, "The government will not increase taxes," he raised taxes in the end, resulting in the LDP's crushing defeat nine years ago.

In the Miyazaki gubernatorial election on Jan. 21, unaffiliated voters blew off the existing political parties. If the government and ruling parties give no clear-cut answers on the problem of politics and money, voters will never turn their attention to their policies.

(5) LDP Policy Affairs Research Council Chairman Nakagawa's office

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reported office expenses amounting to 360 million yen in six years: Wining and dining expenses also included

Improper expenses of the fund management organization of Liberal Democratic Party (LDP) Policy Affairs Research Council Chairman Shoichi Nakagawa have become an issue due to the inclusion of wining and dining under office expenses, which do not require receipts. It was found that such shady expenses reported over six years reached approximately 360 million yen. Nakagawa's office said that it would make no comment on the specifics of offices expenses and factual situation.

No reply from Nakagawa's office

According to the political fund payment balance report submitted by Nakagawa's office, Shoyukai, his fund management organization, reported a total of 362.5968 million yen as office expenses for six years starting in 2000. Such expenses in 2000 and 2001 exceeded 70 million yen respectively.

The Political Fund Control Law does not require receipts for office expenses. As such, a point has been made that the details of office expenses are unclear.

Asked about office expenses for 2005 (30,960,883 yen), Nakagawa during Fuji-TV talk show "Hodo-2001 aired on Jan. 14, explained, "My fund management organization has another office near the Diet Building and operating that office costs more than 10 million yen. The remaining 20 million yen was for office expenses, such as communications and transportations expenses."

Admitting that his office included wining and dining expenses as part of office expenses, Nakagawa complained, "My secretaries should not eat late night snacks?"

The Shimbun Akahata questioned Nakagawa's office about the specifics of office expenses and the grounds for its reporting wining and dining expenses as office expenses. However, his office replied that it does not reply to questions asked by other political party's organ paper.

Three organizations rent same room in building near Diet Building

The Juzen Building near the Diet building is known for having many organizations related to politicians as tenants. There are also Shoichi Nakagawa's offices there.

According to his political fund payment balance report, the room no. 701 of the Juzen Building accommodates Nakagawa's three main offices - the Shosei Group, a political organization related to Nakagawa, the Seikei Research Group and the Nakagawa Group.

The Nakagawa Group and the Shosei Group received fund donations totaling 3 million yen in 1999 and 2000 from the Hannan Group led by Mitsuru Asada in the form of purchasing fund-raising part tickets. Asada received a prison sentence for the beef-labeling fraud incident abusing the government's BSE measures. The Nakagawa Group received 2 million yen and the Shosei Group received 1 million yen. When the Shosei Group received that donation in April 1999, Nakagawa was agriculture minister.

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The Nakagawa Group received donations totaling 4.8 million yen over the five years starting in 2001 from the Food Service Industry Political Research Group, a political organization of the food service industry, which was seeking the early resumption of US beef imports, which had been banned due to the BSE issue.

(6) FTC's final plan for merger screening: Share of global market to be taken into account; Eased guidelines to enable massive mergers

TOKYO SHIMBUN (Page 3) (Full)
January 24, 2007

The Fair Trade Commission is now pressing ahead with a plan to review its merger screening guidelines. The final proposals for revising the guidelines were revealed yesterday. The plan features

easing the current system for evaluating merger applications, based on the domestic share of the company to be created as a result of the planned merger. Instead, a system of screening applications based on the share of an amalgamated company on the global market will be adopted. It will aim at implementing the new guidelines starting in April, after obtaining approval from the Liberal Democratic Party (LDP) before the end of January.

The aim is to strengthen Japanese companies' competitiveness. Chances are that massive business mergers, such as the one between Nippon Steel Corp. and JFE Holdings, could be approved under the new guidelines, though it had previously been viewed as impossible to carry out mergers on such a scale, as they will likely block domestic competition. Corporate reorganization is expected to further accelerate.

According to the final proposal, the present system, which stipulates that only mergers within Japan can be approved, will be scrapped. Under a new system, this geographical restriction will be expanded to approve mergers beyond national boundaries.

From a global viewpoint, too, corporate reorganization is accelerating, as can be seen in the formation of Arcelor Mittal, Luxemburg, in the steel industry. Under the current guidelines, even if Nippon Steel and JFE intend to merge, it is difficult for their plan to obtain approval, as the domestic share of the company formed through the merger in terms of the production of crude oil will reach nearly 60%. However, since the share on the global market is only about 6%, it would be possible for the two companies to merge under the new system, as a government source put it. Some take the view that even a merger between Toyota Motor and Nissan Motors might be possible.

However, approval will not be given for mergers in certain business areas. For instance, if the overseas market of companies that have applied for a merger is limited to a certain area, such as East Asia, and if the share of a company created as a result of the merger sharply increases, then their application will be turned down.

The FTC will also revise the guidelines for mergers that require no screening. It will ease the standard by adopting a system of judging merger applications based on indices indicating the degree of oligopoly scrapping the current share-based standard.

At the stage of compiling a draft plan, the FTC planned to unify standards into indices. However, the plan met opposition from

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business circles. The FTC intends to approve merger applications in cases involving a new share ranging between 25% and 35%, though it determined that screening would be necessary while keeping the share standard in place and attaching a condition for the parallel use of indices. The judgment is that there is little concern about such mergers restricting competition.

(7) JAEA develops furnace wall designed to take heat out of plasma for ITER

ASAHI (Page 2) (Full)
January 24, 2007

The Japan Atomic Energy Agency (JAEA) announced yesterday that it has succeeded in manufacturing experimentally the "blanket" to be used in the international thermonuclear experimental reactor (ITER) for the first time in the world. The blanket is the furnace wall set around the plasma in the reactor core, where the temperature reaches as high as 100 million degrees, and its role is to take heat out of the plasma. Since blanket engineering is indispensable in developing power-generation technology, competition for developing the product is heating up among Japan, the United States, and Europe.

Material for the blanket must be highly heat-resistant, must be mainly unaffected by radiation, and not easily take on radiation so that used ones are disposable. The JAEA developed a technology to stick together beryllium, which protects the plasma, and ferrite

steel, which does not easily become radioactive. The agency plans to continue testing the product for its resistance to radiation.

SCHIEFFER